

**WILLIAMSBURG INDEPENDENT  
SCHOOL DISTRICT  
Williamsburg, Kentucky**

---

**AUDITED FINANCIAL STATEMENTS  
For the year ended June 30, 2013**

## C O N T E N T S

	<u>Pages</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	3 - 4
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>DISTRICT-WIDE FINANCIAL STATEMENTS:</b>	
STATEMENT OF NET POSITION	5
STATEMENT OF ACTIVITIES	6
<b>FUND FINANCIAL STATEMENTS:</b>	
BALANCE SHEET - GOVERNMENTAL FUNDS	7
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	8
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	9
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES	10
BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	11
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS	12
STATEMENT OF NET POSITION - PROPRIETARY FUND	13
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND	14
STATEMENT OF CASH FLOWS - PROPRIETARY FUND	15
STATEMENT OF NET POSITION - FIDUCIARY FUND	16
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - FIDUCIARY FUND	17

<b>NOTES TO THE FINANCIAL STATEMENTS</b>	18 - 29
<b>SUPPLEMENTAL INFORMATION</b>	
STATEMENT OF RECEIPTS AND DISBURSEMENTS - SCHOOL ACTIVITY FUND	30 - 31
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	32
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND	33
BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL	34
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	35
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	36 - 37
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	38 - 39
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	40
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	41
MANAGEMENT LETTER	42

**BARRY D. DAULTON, CPA, PSC**

***Certified Public Accountant***

423 East Mount Vernon Street

P.O. Box 1424

Somerset, Kentucky 42502

(606) 679-9344

**INDEPENDENT AUDITOR'S REPORT**

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Williamsburg Independent Schools  
Williamsburg, Kentucky 40769

***Report on the Financial Statements***

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Williamsburg Independent Schools as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and the audit requirements prescribed by the Kentucky State Committee for School District Audits in Appendix I of the independent Auditor's Contract – General Audit Requirements, Appendix II of the Independent Auditor's Contract – State Audit Requirements, and Appendix III of the Independent Auditor's Contract – Electronic Submission. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### ***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages three and four and 31 and 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated October 8, 2013 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Barry D. Daulton, CPA, PSC***

Somerset, Kentucky

October 8, 2013

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**Williamsburg, Kentucky**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**  
**For the year ended June 30, 2013**  
**(Unaudited)**

Management of the Williamsburg Independent School District (Board) provides to readers and users of the accompanying financial statements an analysis and overview presentation of the Board's financial activities for the year ended June 30, 2013. Readers and users are encouraged to consider the information presented herein in conjunction with the audited financial statements and supplementary information contained within this report.

**Financial Highlights**

General revenues totaled \$5.8 million, representing 79% of all revenues. General revenues consist primarily of tax assessments and state funding allocations. Program specific revenues of \$1.11 million accounted for the remaining revenues and include charges for services, sales, grants, contributions, etc.

A decrease of \$275,000 in total governmental assets is due primarily to depreciation expense.

Of the total general fund revenue, approximately \$932,000 was received in the form of local taxation and investment income.

**District-Wide Financial Statements**

The accompanying district-wide financial statements are designed to provide readers and users with a generally broad descriptive overview of the Board's financial activities. The statements are similar in nature to private-sector (non-governmental) statements.

The Statement of Net Position contains information on all Board assets and liabilities. The difference between these two amounts is reported as net position. When considered historically, increases or decreases in net position may provide a general indication of overall improvement or deterioration of the Board's financial condition.

In the Statement of Activities, changes in net position for the most recent fiscal year are presented.

Outlined in these financial statements are functions of the Board which are supported by local taxation and governmental activities. Governmental activities include, but are not limited to, instruction, support services, plant operation and maintenance and student transportation.

### **Fund Financial Statements**

Fund financial statements present a related group of accounts which maintain resources for a specific activity. The MUNIS system is a mandated uniform system and chart of accounts used by all Kentucky public school districts. Use of fund accounting ensures compliance with finance-related statutory requirements. Board funds are separated into three categories; governmental, proprietary and fiduciary. Fiduciary (or trust) funds, commonly known as activity funds, aid in student education and support. Fiduciary funds are support by outside activities such as fund-raising and ticket sales. There are no proprietary funds other than food service operations. Governmental funds report all other Board activities.

### **Notes to Financial Statements**

Additional information necessary to better understand the district-wide financial statements is presented in the notes to financial statements on pages 17 - 28.

### **District-Wide Financial Analysis and Budgetary Implications**

The financial statements contained herein present an overall picture of limited financial resources operating within budgetary constraints. Due to limited revenues with which to fund all required operating expenditures, the Board has minimal cash reserves.

### **Condensed Comparative Data**

	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
General Fund revenues	\$ 5,711,549	\$ 5,804,825
General Fund expenses	5,942,549	6,074,296
Cash (district-wide)	18,418	(199,743)
Land, buildings and fixed assets (net)	7,681,710	7,413,200
Bond obligations	4,102,818	3,916,286
Fund balance	59,625	( 133,553)

### **Financial Management**

Interested readers and users, taxpayers, citizens and creditors are encouraged to contact Board administration with questions regarding this report or requests for additional information. The comments should be directed to Dennis W. Byrd, Superintendent or David Higginbotham, School Business Manager at (606) 549-6044. The District mailing address is 1000 Main Street, Williamsburg, Kentucky 40769.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION - DISTRICT WIDE**  
**June 30, 2013**

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ (200,515)	\$ 772	\$ (199,743)
Accounts receivable	81,301	28,486	109,787
Inventory	-	5,018	5,018
Capital assets:			
Land	572,677	-	572,677
Land improvements	210,282	-	210,282
Other capital assets, net of depreciation	6,629,463	778	6,630,241
<b>TOTAL ASSETS</b>	<b>\$ 7,293,208</b>	<b>\$ 35,054</b>	<b>\$ 7,328,262</b>
<b>LIABILITIES</b>			
Accounts payable	7,589	5,771	13,360
Deferred revenues	6,750	-	6,750
Long-term liabilities			
Due or payable within one year			
Bonds payable	190,919	-	190,919
Due or payable after one year			
Bond obligations	3,725,367	-	3,725,367
<b>TOTAL LIABILITIES</b>	<b>3,930,625</b>	<b>5,771</b>	<b>3,936,396</b>
<b>NET POSITION</b>			
Net investment in capital assets	3,496,136	778	3,496,914
Restricted for:			
Inventories	-	5,018	5,018
Purchase obligations	1,624	1,000	2,624
Unrestricted	(135,177)	22,487	(112,690)
<b>TOTAL NET POSITION</b>	<b>\$ 3,362,583</b>	<b>\$ 29,283</b>	<b>\$ 3,391,866</b>

The accompanying notes are an integral part of these statements.



**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
for the year ended June 30, 2013

FUNCTIONS/PROGRAMS	PROGRAM REVENUES					NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS/ CONTR	CAPITAL GRANTS/ CONTR	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Governmental activities								
Instructional	\$ 4,304,678	\$ -	\$ 914,680	\$ -	\$ (3,389,998)	\$ -	\$	(3,389,998)
Student support services	338,495				(338,495)			(338,495)
Staff support services	292,968		122,597		(170,371)			(170,371)
District administration	524,233				(524,233)			(524,233)
School administration	332,762				(332,762)			(332,762)
Business support services	208,000				(208,000)			(208,000)
Plant operation and maintenance	1,070,473				(1,070,473)			(1,070,473)
Student transportation	297,537		5,492		(292,045)			(292,045)
Community service	75,957		75,957		-			-
Interest on long term debt	88,913			228,775	139,862			139,862
Total governmental activities	7,534,016		1,118,726	228,775	(6,186,515)			(6,186,515)
Business-type activities								
Food service	660,511	115,632	499,436	-	-	(45,443)		(45,443)
Total business-type activities	660,511	115,632	499,436	-	-	(45,443)		(45,443)
Total school district	\$ 8,194,527	\$ 115,632	\$ 1,618,162	\$ 228,775	(6,186,515)	(45,443)		(6,231,958)
General revenues:								
Taxes								
State aid - formula grants							1,007,527	1,007,527
Investment earnings							4,807,722	4,807,722
Miscellaneous							7,511	7,511
Total general and special revenues							(28,360)	60,565
Change in net position							(28,360)	5,883,325
Net position - July 1, 2012							(73,803)	(348,633)
Net position - June 30, 2013							103,086	3,740,499
							\$ 29,283	\$ 3,391,866

The accompanying notes are an integral part of these statements.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2013

	GENERAL FUND	SPECIAL REVENUE	OTHER GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and cash equivalents	\$ (210,537)	\$ 5,169	\$ 4,853	\$ (200,515)
Accounts receivable	79,720	1,581	-	81,301
<b>TOTAL ASSETS</b>	<u>\$ (130,817)</u>	<u>\$ 6,750</u>	<u>\$ 4,853</u>	<u>(119,214)</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 7,589	\$ -	\$ -	\$ 7,589
Deferred revenues	-	6,750	-	6,750
<b>TOTAL LIABILITIES</b>	7,589	6,750	-	14,339
<b>FUND BALANCE</b>				
Assigned for:				
Purchase obligations	1,624	-	-	1,624
Restricted for:				
Capital projects	-	-	-	-
Unassigned	(140,030)	-	4,853	(135,177)
<b>TOTAL FUND BALANCES</b>	<u>(138,406)</u>	<u>-</u>	<u>4,853</u>	<u>(133,553)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ (130,817)</u>	<u>\$ 6,750</u>	<u>\$ 4,853</u>	<u>\$ (119,214)</u>

The accompanying notes are an integral part of these statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
WITH THE DISTRICT-WIDE STATEMENTS OF NET POSITION  
June 30, 2013**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Total governmental fund balance		\$	(133,553)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
Cost of capital assets	12,423,003		
Accumulated depreciation	<u>(5,010,581)</u>		7,412,422
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds.			
Long term liabilities at year end consist of:			
Bonds payable and note payable			<u>(3,916,286)</u>
Total net position - governmental		\$	<u>3,362,583</u>

The accompanying notes are an integral part of these statements.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**for the year ended June 30, 2013**

	GENERAL FUND	SPECIAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Revenues</b>				
Taxes	\$ 924,185	\$ -	\$ 83,342	\$ 1,007,527
Earnings on investments	7,511	-	-	7,511
State sources	4,807,722	397,097	343,168	5,547,987
Federal sources	4,843	721,629	-	726,472
Other sources	60,564	-	-	60,564
<b>Total revenues</b>	<b>5,804,825</b>	<b>1,118,726</b>	<b>426,510</b>	<b>7,350,061</b>
<b>Expenditures</b>				
Instructional	3,371,069	927,680	-	4,298,749
Student support services	337,296	-	-	337,296
Staff support services	169,641	122,597	-	292,238
District administration	523,988	-	-	523,988
School administration	332,762	-	-	332,762
Business support services	207,407	-	-	207,407
Plant operation/maintenance	832,199	-	-	832,199
Student transportation	268,831	5,492	-	274,323
Community service	-	75,957	-	75,957
Debt service	31,103	-	365,578	396,681
<b>Total expenditures</b>	<b>6,074,296</b>	<b>1,131,726</b>	<b>365,578</b>	<b>7,571,600</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(269,471)</b>	<b>(13,000)</b>	<b>60,932</b>	<b>(221,539)</b>
<b>Other financing sources (uses):</b>				
Operating transfers in	89,893	13,000	275,444	378,337
Operating transfers out	(13,000)	-	(336,976)	(349,976)
<b>Total other financing sources (uses)</b>	<b>76,893</b>	<b>13,000</b>	<b>(61,532)</b>	<b>28,361</b>
<b>Net change in fund balances</b>	<b>(192,578)</b>	<b>-</b>	<b>(600)</b>	<b>(193,178)</b>
<b>Fund balances July 1, 2012</b>	<b>54,172</b>	<b>-</b>	<b>5,453</b>	<b>59,625</b>
<b>Fund balances June 30, 2013</b>	<b>\$ (138,406)</b>	<b>\$ -</b>	<b>\$ 4,853</b>	<b>\$ (133,553)</b>

The accompanying notes are an integral part of these statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**

**June 30, 2013**

Amounts reported for governmental activities in the statement of net position are different because:

Net changes - governmental funds:	\$ (193,178)
Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital exceeds depreciation expense for the year.	
Depreciation expense	(270,184)
Capital outlays and construction in progress	2,000
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.	
Principal paid	<u>186,532</u>
Changes in net position - governmental funds	<u><u>\$ (274,830)</u></u>

The accompanying notes are an integral part of these statements.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2013**

	<u>CAPITAL OUTLAY</u>	<u>BUILDING FUND</u>	<u>CONSTRUCTION FUND</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 4,853	\$ 4,853
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,853</u>	<u>\$ 4,853</u>
<b>LIABILITIES</b>					
Accounts payable	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Unassigned	-	-	-	4,853	4,853
<b>Total fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,853</u>	<u>4,853</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,853</u>	<u>\$ 4,853</u>

The accompanying notes are an integral part of these statements.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**for the year ended June 30, 2013**

	<u>CAPITAL OUTLAY</u>	<u>BUILDING FUND</u>	<u>DEBT SERVICE</u>	<u>CONSTRUCTION FUND</u>	<u>TOTAL NON-MAJOR GOV'T FUNDS</u>
REVENUES					
Taxes	\$ -	\$ 83,342	\$ -	\$ -	\$ 83,342
State sources	<u>72,730</u>	<u>180,305</u>	<u>90,133</u>	<u>-</u>	<u>343,168</u>
Total revenues	72,730	263,647	90,133	-	426,510
EXPENDITURES					
Debt service	<u>-</u>	<u>-</u>	<u>365,578</u>	<u>-</u>	<u>365,578</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>365,578</u>	<u>-</u>	<u>365,578</u>
Excess (deficit) of revenues over expenditures	72,730	263,647	(275,445)	-	60,932
Other financing sources (uses):					
Operating transfers in	-	-	275,445	-	275,445
Operating transfers out	<u>(72,730)</u>	<u>(264,247)</u>	<u>-</u>	<u>-</u>	<u>(336,977)</u>
Total other financing sources (uses)	<u>(72,730)</u>	<u>(264,247)</u>	<u>275,445</u>	<u>-</u>	<u>(61,532)</u>
Net change in fund balance	-	(600)	-	-	(600)
Fund balance July 1, 2012	<u>-</u>	<u>600</u>	<u>4,853</u>	<u>-</u>	<u>5,453</u>
Fund balance June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,853</u>	<u>\$ -</u>	<u>\$ 4,853</u>

The accompanying notes are an integral part of these statements.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
June 30, 2013

	<u>FOOD SERVICE</u>	<u>TOTAL</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 772	\$ 772
Accounts receivable	28,486	28,486
Inventories for consumption	<u>5,018</u>	<u>5,018</u>
Total current assets	34,276	34,276
Noncurrent assets		
Invested in capital assets, net of depreciation	<u>778</u>	<u>778</u>
<b>TOTAL ASSETS</b>	<u>\$ 35,054</u>	<u>\$ 35,054</u>
<b>LIABILITIES</b>	<u>\$ 5,771</u>	<u>\$ 5,771</u>
<b>TOTAL LIABILITIES</b>	5,771	5,771
<b>NET POSITION</b>		
Invested in capital assets	778	778
Restricted for:		
Inventories	5,018	5,018
Purchase obligations	1,000	1,000
Unrestricted	<u>22,487</u>	<u>22,487</u>
<b>TOTAL NET POSITION</b>	<u>\$ 29,283</u>	<u>\$ 29,283</u>

The accompanying notes are an integral part of these statements.



**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
for the year ended June 30, 2013

	<b>FOOD SERVICE</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>		
Lunchroom sales	\$ 112,799	\$ 112,799
Other operating revenues	2,833	2,833
Total operating revenues	115,632	115,632
<b>OPERATING EXPENSES</b>		
Salaries and benefits	339,629	339,629
Materials and supplies	320,556	320,556
Depreciation	326	326
Total operating expenses	660,511	660,511
Operating income (loss)	(544,879)	(544,879)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Federal grants	389,886	389,886
State grants	93,819	93,819
Donated commodities	15,731	15,731
Total nonoperating revenues	499,436	499,436
Change in net position, operating	(45,443)	(45,443)
Operating transfers (out)	(28,360)	(28,360)
Change in net position	(73,803)	(73,803)
Net position July 1, 2012	103,086	103,086
Net position June 30, 2013	\$ 29,283	\$ 29,283

The accompanying notes are an integral part of these statements.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
for the year ended June 30, 2013

**Cash flows from operating activities:**

Cash received from lunchroom sales	\$ 112,799
Cash received from other activities	2,833
Cash received from federal and state reimbursements	487,738
Cash payments to employees for services	(339,629)
Cash payments to suppliers	(303,492)
Cash transfers	<u>(28,360)</u>

Net cash provided by operating activities	<u>(68,111)</u>
---	-----------------

Net increase in cash equivalents	(68,111)
----------------------------------	----------

Cash and cash equivalents July 1, 2012	<u>68,883</u>
--	---------------

Cash and cash equivalents June 30, 2013	<u><u>\$ 772</u></u>
---	----------------------

**Reconciliation of Operating Income to Net Cash  
Provided by Operating Activities:**

Operating income	\$ (45,443)
Cash transfers	(28,360)
Depreciation	325
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase in accounts payable	(674)
Inventory	2,008
Increase in receivables	<u>4,033</u>

Net cash provided by operating activities	<u><u>\$ (68,111)</u></u>
---	---------------------------

The accompanying notes are an integral part of these statements.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
for the year ended June 30, 2013

	<b>ACTIVITY FUNDS</b>
<b>REVENUES</b>	
Revenues from student activities	\$ 262,283
Total revenues	262,283
<b>EXPENSES</b>	
Student activities	256,741
Change in net position	5,542
Net position July 1, 2012	42,202
Net position June 30, 2013	\$ 47,744

The accompanying notes are an integral part of these statements.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
June 30, 2013

	<b>Private Purpose Trust Funds</b>
	<hr/>
ASSETS	
Cash and cash equivalents	\$     47,744
	<hr/>
TOTAL ASSETS	47,744
	<hr/> <hr/>
LIABILITIES	
Total liabilities	-
	<hr/>
TOTAL NET POSITION	\$     47,744
	<hr/> <hr/>

The accompanying notes are an integral part of these statements.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Williamsburg Board of Education (Board), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Williamsburg Independent School District (District). The Board receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the Board is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, as Board members are elected by the public and have decision-making authority, the power to designate management and the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The Board, for financial purposes, includes all of the funds and account groups relevant to the operation of the Williamsburg Independent School District. The financial statements presented herein do not include funds of groups and organizations which, although associated with the school system, have not originated within the Board itself such as booster organizations, Parent-Teacher Associations, etc.

The financial statements of the Board include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

The accounting policies of the Williamsburg Independent School District substantially comply with the rules prescribed by the Kentucky Department of Education for local school districts.

**District-Wide and Fund Financial Statements**

The statement of net position and the statement of activities are district-wide financial statements. They report information on all of the District’s nonfiduciary activities with interfund activities removed. Governmental activities include programs supported primarily by taxes, state funding and allocations and other intergovernmental revenues.

Fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary and fiduciary. Because the resources in the fiduciary funds cannot be used for District operations, they are not included in the district-wide statements.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Fund Accounting**

The District maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts which stands separate from the activities reported in other funds. A description along with the restrictions associated with each class of funds are as follows:

**I. Governmental Fund Types**

- A. The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use.
- B. The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balance are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Federal Financial Assistance included in this report. Accounts receivable in the Special Revenue Fund represent amounts due to the District through various grant agreements. Conversely, deferred revenues represent funds received by the District not yet spent under grant agreements.
- C. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
  - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds (unless authorized for retention in the General Fund) and is restricted for use in financing projects identified in the district's facility plan.
  - 2. The Facility Support Program of Kentucky (FSPK) Fund accounts for funds generated by the building tax levy required to participate in the Kentucky School Facilities Construction Commission's funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

3. The Technology Fund accounts for the Kentucky Education Technology System (KETS) allocation and local district matching funds restricted for the purchase of technology consistent with the District's approved technology plan.

II. Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

III. Proprietary Funds (Enterprise Fund)

The School Food Service Fund is used to account for school food service activities, including the National School Lunch and Breakfast Programs, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts for in-kind contribution of commodities from the USDA are recorded only in the proprietary Statement of Revenues, Expenses, and Changes in Fund Balance.

IV. Fiduciary Fund Type

The Activity Fund consists of Agency funds and accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.

V. Property Taxes

The District's property taxes are levied each year on the assessed value listed as of the prior January 1 for all real and business tangible property located in the District. The assessed value of the certified roll, upon which the levy for the 2012-2013 fiscal year was based, was \$151,645,535 for real property and \$15,037,624 for business tangible property. Tax rates assessed were 41.6 and 41.9 cents, respectively, per one hundred dollars of assessed value. The District collects its own taxes.

Property taxes collected are recorded as revenues in the fund for which they were levied.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The district-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary and fiduciary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The Statement of Net Position contains information on all Board assets and liabilities. The difference between these two amounts is reported as net assets. When considered historically, increases or decreases in net assets may provide a general indication of overall improvement or deterioration of the Board's financial condition.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

**Budgetary Process**

**Budgetary Basis of Accounting:** The District's budgetary process accounts for certain transactions on a basis other than GAAP. During the budgetary process, revenues are projected in cash amounts to be received and expenditures are projected in cash amounts to be paid. Under GAAP, revenues and expenditures are recorded when susceptible to accrual.

**Cash and Cash Equivalents**

The Board considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less to be cash equivalents.

**Inventories**

Supplies and materials are charged to expenditures when purchased, with the exception of the Proprietary Funds which record inventory using the accrual basis of accounting.



**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

Encumbrances

Encumbrances are reported as a reservation of the fund balance. They are not reported as disbursements until paid.

Payroll

District employees are paid twice each month throughout the calendar year. Payroll checks for the summer months were processed prior to June 30, 2013. The cash balances on June 30, 2013 have been reduced by the outstanding payroll checks.

Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Balances

Restricted fund balances arise from external constraints (debt covenants, regulations, constitutional provisions, etc.) Committed fund balances are imposed by formal actions of the Board. Assigned fund balances are intended by the Board to be used for specific purposes, but are not formally restricted or committed. Unassigned fund balances are the residual amounts that are neither restricted, committed nor assigned for any specific purpose.

**NOTE B - CASH AND CASH EQUIVALENTS**

At year end, the carrying amount of the District's cash and cash equivalents was \$ 113,908. Carrying amounts do not reflect deposits in transit or outstanding checks. Of the total cash balance, \$250,000 was covered by Federal Depository Insurance, with the remainder covered by collateral held by the pledging banks' trust departments in the District's name.

Cash and cash equivalents at June 30, 2013, exclusive of activity funds, consisted of the following:

First State Bank	Operating Account	\$ (193,090)
First State Bank	Payroll Account	1,500
Community Trust Bank	Debt Service	4,853
Petty cash (tax collection)		<u>300</u>
		\$ (199,743)

**NOTE C - BONDED DEBT AND LEASE OBLIGATIONS**

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued by the Williamsburg Independent School District Finance Corporation and the Kentucky School Facilities Construction Commission.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE C - BONDED DEBT AND LEASE OBLIGATIONS, continued**

The District, through the General Fund, including utility taxes and the SEEK Capital Outlay Fund, is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Williamsburg Independent School District Finance Corporation and the Kentucky School Facilities Construction Commission to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

In 1993, the District entered into "participation agreements" with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the obligations of the District at June 30, 2013 for debt service (principal and interest) are detailed on page 27.

On July 1, 2012 indebtedness for the District totaled \$4,102,818. After timely principal and interest payments, indebtedness at June 30, 2013 \$3,916,286.

**KISTA REMARKETING ISSUE**

In September 1999, the District accepted an offer of assistance from the School Facilities Construction Commission (SFCC). The agreement allowed the District to benefit from a \$490,000 remarketing bond issue whereby the District received \$200,000, the proceeds of which were used for roof replacement of the school building. The entire principal and interest debt services amounts are to be borne by SFCC until full payment in 2019.

**JUNE 2005 BOND ISSUE**

The Williamsburg Independent School District Finance Corporation issued bonds totaling \$155,000 in June 2005. The bond proceeds funded renovations to the alternative school building. The entire cost of the bonds is to be borne by the Kentucky School Facilities Construction Commission.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE D - ACCUMULATED UNPAID SICK LEAVE BENEFITS**

Upon retirement from the school system, a certified employee will receive from the District an amount equal to 25% of the value of accumulated sick leave. One-half of this amount is reserved each year. At June 30, 2013, this amount has not been accrued because the amount is immaterial to the financial statements.

**NOTE E - RETIREMENT PLANS**

**Pension Plan**

The District contributes to the Teachers' Retirement System of Kentucky (KTRS), a cost-sharing, multiple employer defined benefit pension plan. KTRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems and other public educational agencies in Kentucky. KTRS requires that members of KTRS occupy a position requiring either a four year college degree or certification by the Kentucky Department of Education.

KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). KTRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report can be obtained by contacting Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort KY 40601 or from the KTRS website at [ktrs.ky.gov](http://ktrs.ky.gov).

Contribution rates are established by KRS. Members participating prior to July 1, 2008 are required to contribute 9.855% of their salaries to KTRS. Members hired after July 1, 2008 must contribute an additional 1% to the medical insurance fund. The Commonwealth of Kentucky and employers are required to contribute 13.105% of salaries for members hired prior to July 1, 2008. For members hired after July 1, 2008 the matching rate is 14.106%. The federal program for any salaries paid by that program pays the matching contributions.

**Medical Insurance Plan**

In addition to the pension benefits described above, KRS 16.675 requires KTRS to provide post-retirement healthcare benefits to eligible members and dependents. The KTRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to members under the age of 65 through the

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

The post-retirement healthcare provided by KTRS is financed on a pay-as-you-go basis. In order to fund the post-retirement healthcare benefit, 1.5% of the gross annual payroll of members before July 1, 2008 is contributed. One-half of this amount is derived from members contributions and one-half from state appropriation. Members after July 1, 2008 contribute an additional 1.0% to the medical insurance fund. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

Substantially all other employees (classified personnel) are covered under the County Employee's Retirement System (CERS), a cost sharing, multiple-employer, public employees' retirement system. Funding for the Plan is provided through payroll withholdings of 5.00% and a District contribution of 7.34% of the employees' total compensation subject to contribution. Benefits under both plans will vary based on final compensation, years of service and other factors as fully described in the Plan documents.

Historical trend information showing KTRS and CERS progress in accumulating sufficient assets to pay benefits when due is presented in their June 30, 2013 comprehensive annual financial reports. As the Board is only one of several employers participating in the Plan, it is not practical to determine the Board's portion of the unfunded past service cost or the vested benefits of the Board's portion of the Plan assets.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE F - CONTINGENCIES**

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantors' review the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

**NOTE G - INSURANCE AND RELATED ACTIVITIES**

The District is exposed to various forms of loss of assets associated with the risks of fire, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which includes worker's compensation insurance.

**NOTE H - LUNCHROOM ACCOUNT/COMMODITIES**

The Lunchroom Account keeps a current monthly inventory of the school in the Food Service Director's office at the Williamsburg Independent Board of Education. The Food Service Director has timely filed all required reports and requests for reimbursement.

**NOTE I - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. To obtain insurance for workers compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage.

Contributions to the Workers Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four months after the expiration of the self-insurance term.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss.

**NOTE J - DEFICIT OPERATING/FUND BALANCES**

At June 20, 2013, the following funds experienced a current year deficit of expenditures over revenue:

General fund	\$( 269,471)
Special revenue	\$ ( 13,000)
Food service	\$ ( 45,443)

**NOTE K - ON BEHALF PAYMENTS**

The Commonwealth of Kentucky indirectly contributes fund of varying benefits to the District. These funds, known as "on-behalf payments" are represented as revenue from state sources in the appropriate financial statements. These funds, totaling \$ 1,392,886 for the year ended June 30, 2013, are not budgeted by the District. Corresponding amounts are entered to reflect the appropriate expense for the contributed funds, including but not limited to retirement, insurance and other benefits.

**NOTE L - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 is presented on the page 29. Capital assets are depreciated over their respective useful lives, which currently vary from five to forty years.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS, continued**  
**June 30, 2013**

Year Ending June 30	2010 Series		
	Principal	Interest*	Total
2014	190,919	87,596	278,515
2015	190,287	85,988	276,275
2016	190,512	83,895	274,407
2017	194,485	81,354	275,839
2018	198,342	78,433	276,775
2019	198,063	75,056	273,119
2020	203,068	71,103	274,171
2021	206,361	66,668	273,029
2022	210,515	61,916	272,431
2023	218,515	56,842	275,357
2024	222,384	51,441	273,825
2025	225,079	45,716	270,795
2026	232,353	39,671	272,024
2027	235,215	33,262	268,477
2028	238,639	26,531	265,170
2029	245,890	19,440	265,330
2030	256,046	11,949	267,995
2031	259,613	4,061	263,674
Totals	<u>\$ 3,916,286</u>	<u>\$ 980,921</u>	<u>\$ 4,897,207</u>

\* Interest paid by the District on the 2010 Series is net of all federal rebates.

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

**CAPITAL ASSET NOTE DISCLOSURE**

	<u>BEGINNING . BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ENDING BALANCE</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Land and improvements	\$ 782,959	\$ -	\$ -	\$ 782,959
Technology equipment	680,909	-	-	680,909
Buildings and improvements	10,101,512	-	-	10,101,512
Vehicles	538,901	2,000	(32,635)	508,266
General equipment	349,358	-	-	349,358
Totals at historical cost	12,453,639	2,000	(32,635)	12,423,004
Less accumulated depreciation for:				
Land and improvements	206,096	1,518		207,614
Buildings and improvements	3,128,488	231,942		3,360,430
Technology equipment	679,191	1,418		680,609
Vehicles	466,158	26,747	(32,635)	460,270
General equipment	293,100	8,560		301,660
Total accumulated depreciation	4,773,033	270,185	(32,635)	5,010,583
<b>GOVERNMENTAL ACTIVITIES CAPITAL NET</b>	<b>\$ 7,680,606</b>	<b>\$ (268,185)</b>	<b>\$ -</b>	<b>\$ 7,412,421</b>
<b>PROPRIETARY ACTIVITIES</b>				
Technology equipment	6,698	-	-	6,698
General equipment	85,828	-	-	85,828
Totals at historical cost	92,526	-	-	92,526
Less accumulated depreciation for:				
Technology equipment	6,698	-	-	6,698
General equipment	84,724	325		85,049
Total accumulated depreciation	91,422	325	-	91,747
<b>PROPRIETARY ACTIVITIES CAPITAL NET</b>	<b>\$ 1,104</b>	<b>\$ 325</b>	<b>\$ -</b>	<b>\$ 779</b>
<b>DEPRECIATION EXPENSE CHARGES TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:</b>				
Instructional	\$ 5,929			
Student support services	1,199			
Staff support services	730			
District administration	245			
Business support services	593			
Plant operation/maintenance	238,274			
Student transportation	23,214			
Total	<u>\$ 270,184</u>			



**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF RECEIPTS AND DISBURSEMENTS**  
**ACTIVITY FUND**  
for the year ended June 30, 2013

<b>Account</b>	<b>Beginning Cash 7/1/2012</b>	<b>Receipts</b>	<b>Expenses</b>	<b>Ending Cash 6/30/2013</b>
Bookstore	\$ 2	\$ 21,281	\$ 21,232	51
Faculty lounge	1,599	3,460	2,645	2,414
Vending - administration	246	560	644	162
Elementary counselor	415	1,847	1,797	465
Speech therapist	295	170	305	160
Elementary incentive	157	-	-	157
Principal K-12	4,218	8,703	6,417	6,504
Secondary counselor	2,144	1,484	461	3,167
JF Track/CC	170	-	-	170
50th District Tournament	-	3,030	3,030	-
Athletics - Gate	10	47,940	47,916	34
Football fundraisers	1,573	15,162	13,810	2,925
Boys basketball	-	89	-	89
Girls basketball	10	5,016	5,026	-
Baseball	-	2,912	2,912	-
Softball	-	400	400	-
Elementary track	1,470	-	1,355	115
Cross country	205	1,158	133	1,230
Boys varsity cheerleading	3,962	14,584	15,509	3,037
Athletic training	-	497	497	-
Girls golf	3,425	367	3,789	3
MS Girls softball	1,487	3,471	2,399	2,559
MS Cheerleading	-	3,488	3,027	461
MS Girls basketball	100	3,389	3,049	440
Boys golf	202	-	79	123
Tennis team	413	1,637	1,777	273
MS/HS boys basketball	1,369	6,445	6,378	1,436
Little League Football	776	907	944	739
Poster club	151	117	-	268
Art club	-	22	-	22

Account	Beginning Cash 7/1/2012	Receipts	Expenses	Ending Cash 6/30/2013
Beta club	-	419	419	-
Jackets for Christ	268	610	517	361
FBLA	20	-	-	20
Travel club	12	-	12	-
Pep Club	-	345	345	-
UNITE elementary	172	-	-	172
STLP	35	-	-	35
4H	110	-	110	-
Student council 6 - 8	1,234	908	1,336	806
Teen leadership	3	-	-	3
TLC	2,493	5,779	6,210	2,062
Academic club	2,157	1,060	1,864	1,353
Band	3	886	782	107
Choir	471	4,752	3,208	2,015
Journalism	206	231	147	290
Library - Fines & books	1,333	6,958	7,731	560
Salute to Scholars	70	-	70	-
Field trips	2,267	7,346	7,852	1,761
LJ Preschool	126	6,084	6,144	66
Senior class	-	52,734	52,732	2
Junior class	1,600	7,628	8,810	418
WISD Yearbook	3,485	15,566	9,495	9,556
WISD Green Team	31	-	-	31
FRC Christmas	122	-	110	12
FRC	1,584	2,841	3,315	1,110
Annual totals	<u>\$ 42,201</u>	<u>\$ 262,283</u>	<u>\$ 256,741</u>	<u>\$ 47,744</u>

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE FOR GENERAL FUND**  
for the year ended June 30, 2013

	FINAL BUDGET	ACTUAL	VARIANCE W/FINAL BUDGET POSITIVE (NEGATIVE)
Revenues			
Taxes	\$ 946,207	\$ 924,185	\$ (22,022)
Other local sources	5,000	7,511	2,511
State sources	3,772,113	4,807,722	1,035,609
Federal sources	7,200	4,843	(2,357)
Other sources	20,000	60,564	40,564
Total revenues	4,750,520	5,804,825	1,054,305
Expenditures			
Instructional	2,773,844	3,371,069	(597,225)
Student support services	280,306	337,296	(56,990)
Staff support services	158,764	169,641	(10,877)
District administration	466,466	523,988	(57,522)
School administration	271,956	332,762	(60,806)
Business support services	142,729	207,407	(64,678)
Plant operation/ maintenance	610,253	832,199	(221,946)
Student transportation	193,582	268,831	(75,249)
Debt service	31,103	31,103	-
Total expenditures	4,929,003	6,074,296	(1,145,293)
Excess of revenues over expenditures	(178,483)	(269,471)	(90,988)
Operating transfers in	58,660	89,893	31,233
Operating transfers out	(17,063)	(13,000)	4,063
Total other financing sources (uses)	41,597	76,893	35,296
Net change in fund balance	(136,886)	(192,578)	(55,692)
Fund balance July 1, 2012	136,886	54,172	(82,714)
Fund balance June 30, 2013	\$ -	\$ (138,406)	\$ (138,406)

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON - SPECIAL REVENUE**  
for the year ended June 30, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
State sources	\$ 333,076	\$ 397,097	\$ 64,021
Federal sources	<u>745,977</u>	<u>721,629</u>	<u>(24,348)</u>
Total revenues	1,079,053	1,118,726	39,673
<b>EXPENDITURES</b>			
Instructional	887,001	927,680	(40,679)
Staff support services	183,650	122,597	61,053
Business support services	-	-	-
Student transportation	5,501	5,492	9
Community services	<u>78,637</u>	<u>75,957</u>	<u>2,680</u>
Total expenditures	<u>1,154,789</u>	<u>1,131,726</u>	<u>23,063</u>
Excess of expenditures over revenue	(75,736)	(13,000)	62,736
Fund transfers	<u>17,063</u>	<u>13,000</u>	<u>(4,063)</u>
Net increase (decrease) in fund balance	(58,673)	-	58,673
Fund balance July 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance June 30, 2013	<u>\$ (58,673)</u>	<u>\$ -</u>	<u>\$ 58,673</u>

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**Williamsburg, Kentucky**

**BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL**  
**June 30, 2013**

**BOARD MEMBERS**

Dr. John Jeffries, chairman

Roger Faulkner, vice chairman

Kim Williams

Allan W. Steely

Kim B. White

**ADMINISTRATIVE PERSONNEL**

Dennis W. Byrd, Superintendent and Secretary to the Board

Loren Connell, Director of Instruction

David Higginbotham, School Business Manager

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>Federal Grantor/ Pass - Through Grantor/ Program Title</b>	<b>CFDA Number</b>	<b>Passthrough/ MUNIS</b>	<b>Current Year Expenses</b>
<b>U.S. Department of Education</b>			
Passed through Kentucky Department of Education			
<b>Special Education Cluster (Cluster 1)</b>			
IDEA-B Basic	* 84.027	3373	\$ 155,181
IDEA-B Preschool	84.173A	3433	7,874
Title I	* 84.010	3103	473,787
Title I-C	84.048	3483	2,554
Teacher Quality	84.173A	4013	65,740
Rural Education Achievement	84.358B	3503	14,388
Race to the Top	84.413A	4521	*
<b>Total Special Education Cluster</b>			<b>719,524</b>
<b>U.S. Department of Agriculture</b>			
Passed through Kentucky Department of Education			
<b>Child Nutrition Cluster (Cluster 2)</b>			
National School Breakfast Program	10.553	7760005	121,641
National School Lunch Program	10.555	7750002	253,919
Summer Feeding	10.559	n/a	26,046
<b>Total Child Nutrition Cluster</b>			<b>401,606</b>
Passed through Kentucky Department of Agriculture			
Emergency Food Assistance Program (Commodities)		n/a	15,731
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$ 1,136,861</b>

\*Audited as a major program under the requirements  
of Circular A-133

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

The schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting, which is the same basis used in the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133.

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The value of federal awards expended in the form of non-cash assistance is \$ 12,240.

**Clusters:**

- 1) Special Education Cluster
- 2) Child Nutrition Cluster

**BARRY D. DAULTON, CPA, PSC**

***Certified Public Accountant***

423 East Mount Vernon Street

P.O. Box 1424

Somerset, Kentucky 42502

(606) 679-9344

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Williamsburg Independent Schools  
Williamsburg, Kentucky 40769

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with *Audits of States, Local Governments, and Non-Profit Organizations, Appendix I to the Independent Auditor's Contract – General Audit Requirements, Appendix II to the Independent Auditor's Contract – State Audit Requirements, and Appendix III to the Independent Auditor's Contract – Electronic Submission*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Williamsburg Independent Schools as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements and have issued my report thereon dated October 8, 2013.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. In addition, the results of my tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in *Appendix II of the Independent Auditor's Contract - State Audit Requirements*. There were additional matters communicated to the auditee in the management letter.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Barry D. Daulton, CPA, PSC***

Somerset, Kentucky  
October 8, 2013



**BARRY D. DAULTON, CPA, PSC**

***Certified Public Accountant***

423 East Mount Vernon Street

P.O. Box 1424

Somerset, Kentucky 42502

(606) 679-9344

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Williamsburg Independent Schools  
Williamsburg, Kentucky 40769

**Report on Compliance for Each Major Federal Program**

I have audited the Williamsburg Independent School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of the District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Appendix I to the *Independent Auditor's Contract - General Audit Requirements*, Appendix II to the *Independent Auditor's Contract - State Audit Requirements* and Appendix III to the *Independent Auditor's Contract - Electronic Submission*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the District's compliance.

### **Opinion on Each Major Federal Program**

In my opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.*

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

***Barry D. Daughton, CPA, PSC***

Somerset, Kentucky  
October 8, 2013

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**for the year ended June 30, 2013**

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of Williamsburg Independent School District.
2. There are no material weaknesses identified and no significant deficiencies identified that are not considered material weaknesses. There is no noncompliance noted that is material to financial statements.
3. There are no findings or questioned costs reported in the audit of the financial statements; there are no findings that are required to be reported under section 510(a) of Circular A-133.
4. No instances of noncompliance material to the financial statements of Williamsburg Independent School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for Williamsburg Independent School District expresses an unmodified opinion on all major federal programs.
6. Williamsburg Independent School District does not qualify as a low-risk auditee.
7. The programs tested as major programs included: IDEA B Basic (CFDA 84.027) and Title I (CFDA 84.010).
8. The threshold for distinguishing Type A and Type B programs was \$300,000.

**CURRENT YEAR FINDINGS RELATED TO FINANCIAL STATEMENTS**

None

**CURRENT FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS**

None

**WILLIAMSBURG INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2013**

There are no prior audit findings.

**BARRY D. DAULTON, CPA, PSC**

***Certified Public Accountant***

423 East Mount Vernon Street

P.O. Box 1424

Somerset, Kentucky 42502

(606) 679-9344

**MANAGEMENT LETTER**

Superintendent and Members of the Board of Education  
Williamsburg Independent School District  
Williamsburg, Kentucky 40769

In planning and performing my audit of the financial statements of Williamsburg Independent School District for the year ended June 30, 2013, I considered the District's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. However, during my audit, I became aware of some matters that are opportunities to strengthen internal controls and operate in a more efficient manner.

**Current Year Conditions**

**Condition 1:**

Statement of Condition: The District has ended the fiscal year with general fund expenditures in excess of revenues for the years ended June 30, 2012 and 2013.

Criteria for Condition: The District's operating expenses exceed revenues.

Effect of the Condition: Because expenses have exceed revenues for two fiscal years, the District has zero cash reserves and insufficient resources to meet current obligations.

Recommendation: The District must reduce expenses in order operate within current revenue amounts.

Comment: Management has implemented spending reductions for the 2013-14 school year and expects to have revenues in excess of expenditures for the year ending June 30, 2014.

I have reviewed the status of the management comments from the previous year. They have been appropriately addressed.

I have reported on the District's internal control structure in my report dated October 8, 2013. This letter does not affect my report dated October 8, 2013 on the financial statements of Williamsburg Independent School District.

This report is intended solely for the information and use of the Board and management of Williamsburg Independent School District.

Sincerely,

***Barry D. Daulton, CPA, PSC***